

Regional chains stay close to customers

Focus section follows page 30

Imperfect tableware turns

0013390C
MS JEANNE LONG
CONGRESSIONAL INFORMATION 107
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Nostalgic dining featured in LA

Richard Martin/Page F56

Nation's Restaurant News®

The Weekly Newspaper of the Food-Service Industry

Vol. 23, No. 11

Published every Monday by Lebhar-Friedman Inc.; \$3 a copy, \$29.50 a year

March 13, 1989

Bush sets showdown on \$4.25 wage

By Ken Rankin
WASHINGTON — The Bush administration's new "take-it-or-leave-it" proposal for a \$4.25 minimum wage sets the stage for a dramatic Senate showdown on the issue this week.

President Bush's plan, unveiled by U.S. Secretary of Labor Elizabeth Dole at Sen-

Senate poised to fight for hike to \$4.65 an hour

ate hearings earlier this month, would raise the current \$3.35 hourly minimum by 30 cents during each of the next three years.

In contrast to the administration's proposed 27-percent increase, separate measures

under consideration in both houses of Congress call for a 39-percent hike, to \$4.65 per hour.

Bush's proposal also calls for raising the restaurant industry's so-called tip credit to 50 percent from 40 percent,

reducing the amount of employers' tax liability for tipped workers.

In addition, Dole said, President Bush's plan will include "a meaningful training wage" under which food-service operators and other employers

would be entitled to hire new workers at less than the prevailing minimum hourly rate. She indicated that the subminimum rate may be the current pay floor of \$3.35.

According to Dole, that subminimum training wage "would apply universally to all new hires, whether or not this (See **WAGE**, page 114)

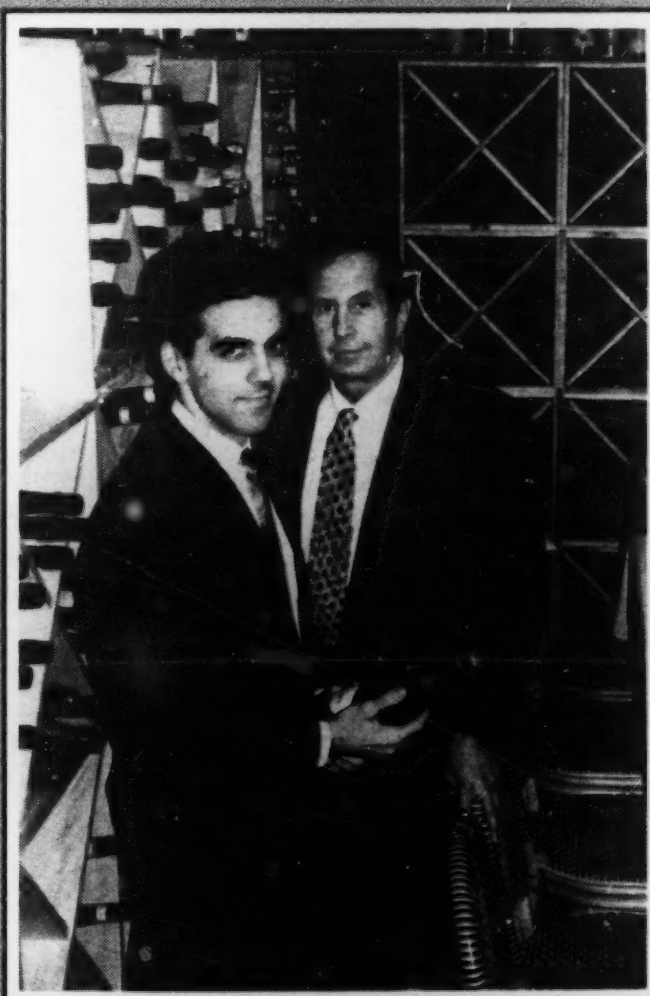
Trattoria Dell'Arte blends anatomy and gastronomy

By Milford Prewitt
NEW YORK — The nose might be too bland an organ for the art world to revere, but Trattoria Dell'Arte just might change that image.

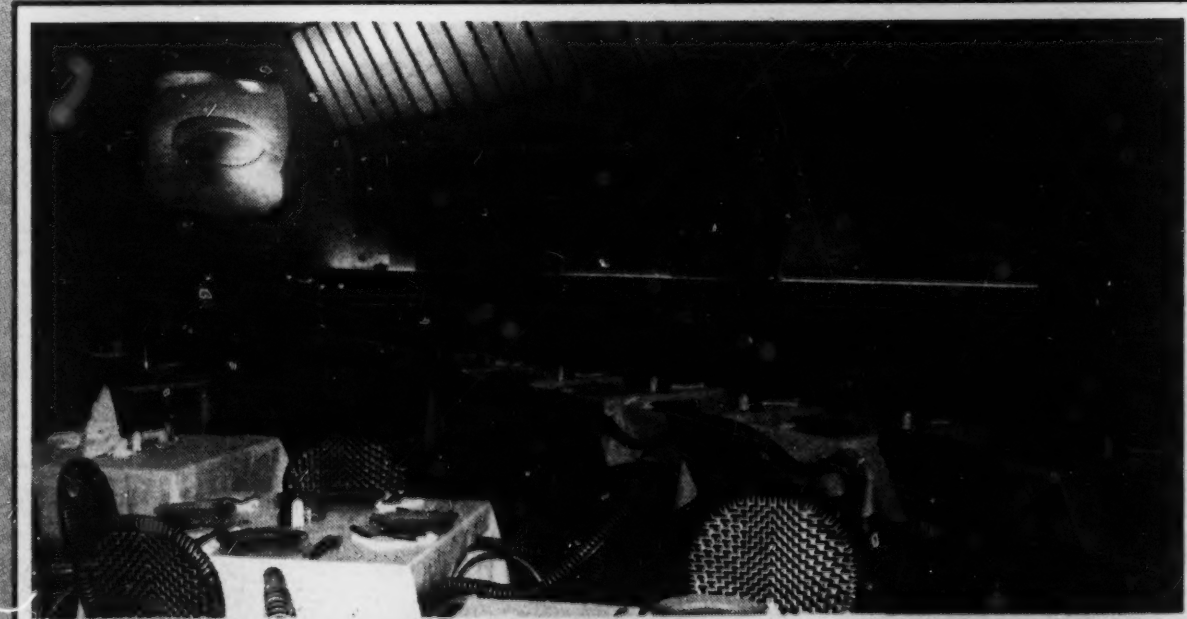
The human proboscis, primarily the Italian variety, is being venerated in this new Italian restaurant whose first-time diners and passers-by might mistake it for some kind of new wave art gallery.

Diagonally across the street from Carnegie Hall at 57th Street and Seventh Avenue, Trattoria Dell'Arte is hard to ignore, especially at night when the operators illuminate a huge, white nose in a second floor window.

Adorning the walls of the two main dining rooms are enormous sculpted bas-reliefs of parts of the human anatomy. A single breast commands attention above a dining booth, while on another



General manager Richard Spera, front, and owner Shelly Fireman.



Trattoria Dell'Arte contains da Vinci-like body sketches on the wall.

COEX attendees tag LBOs as top concern for industry

By Rick Telberg

ORLANDO, Fla. — Leveraged buyouts are in the vanguard of a barrage of social and political forces that are reshaping the food-service industry, attendees at a major chain-restaurant conference were told.

"I predict colossal failures of major, major chains," market researcher George Rice of GDR Enterprises told some 1,200 attendees at the 16th annual Chain Operators Exchange here.

And in a chilling show of hands, a majority of the audience agreed with his assertion.

As the lead speaker and chief author of the research papers presented at the conference, Rice set the tone of the three-day affair, which attracted executives from about 675 supplier companies and 140 food-service chains. The sponsor of the meeting, at the Marriott Orlando World (See **COEX**, page 114)

Copeland drafts debt-eating plan

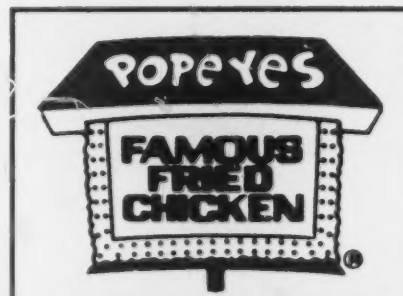
Eyes marketing, assets

By Peter Romeo

LAFAYETTE, La. — Facing interest charges of more than \$100,000 per day, Alvin Copeland is relying on a combination of marketing refinements and rapid asset sales to recoup the \$445 million he borrowed to acquire Church's Fried Chicken.

Subordinates cited the marketing plan as evidence of Copeland's determination to rebuild 1,366-unit Church's into a strong second restaurant line, instead of absorbing it into his 710-store Popeyes Famous Fried Chicken fast-food chain.

"We will close additional [Church's] stores and convert a number of stores to Popeyes units, but our main goal is to grow both (See **COPELAND**, page 4)



FOOD WATCH

Turkey galore

CULVER CITY, Calif. — As the name implies, The Turkey Basket restaurant on Jefferson Boulevard features nothing but the traditional Thanksgiving favorite.

Only desserts and beverage categories fail to list some variety of farm-raised dark- or white-meat turkey. Otherwise, it's turkey vegetable soup, turkey burger, turkey drumstick, barbecued turkey wings, turkey deli sandwich, teriyaki turkey bowl, turkey chili bowl, turkey pita pocket, hot-turkey sandwich platter, turkey barbecue sandwich, Oriental turkey salad, a turkey taco and turkey dog, the turkey basket family take-out, turkey stuffing and turkey gravy, and turkey party platters for 10, 15, or 20 people.

A year and a half ago, owner Carol Perrin got the idea for the Turkey Basket as a culinary solution for people on low-salt diets. Therefore, Turkey Basket dishes are naturally oven-roasted on the premises daily without salt or preservatives.

— Ken Frydman

INSIDE NRN

News

Dressed to kill: Fast feeders roll upscale units	7
H & H head Bifone looks to turn around Bojangles'	7
Meat supply reported safe by the FDA	18
Fish farm gives Tale Of The Trout fresh angle	25
J & W's Triangolo dies; led college during growth era	26
Les Dames d'Escoffier taps Gold as president	28
FDA: Pesticide concerns blown out of proportion	89
Checkers Drive-Ins lure talented executives	91
Upper Midwest show kicks off on March 21	93

Focus

Section follows page 30

Cover Story/Regional chains	F1
Bernstein/The room-service nightmare	F3
Rankin/FTC moves to revamp disclosure rule	F4
Cover Story/Mimi's: A hybrid with mass appeal ..	F8-F10
Cover Story/Chicken rules roost at Brown's	F13
Cover Story/Chevy's offers authentic food	F16-F18
Cover Story/Bambolino's takes Texas by slice	F20
Cover Story/No place like home for Jreck	F22
Cover Story/Jilly's chews on new steak ideas	F25
Wilson's Westside keeps die-hard patrons	F26
Ray's rolls along on the Chattahoochee River	F31
Palmieri erases chain mentality at Bay Street	F33
English chef stands tall in 'land of fajitas'	F34
Lunch spells profits for sandwich operators	F36
Pictures in the News/	F39-F40
NRA board, committees hold winter confab	F45
New York City's Golden Oldies	F48
Great NY chefs gather for book induction	F53

Columns

Patterson/Tableware quality keeps operators sharp ..	23
Hochstein/Soltner big on French wines	F56
Martin/LA restaurants join for night of nostalgia	F56

Food

Fabricant/Peanuts come out of their shells	11
Food News Digest/	11
What's Hot/Toronto	11

Marketing

Ostrov replaces Post at Country Hospitality	12
Marketing Digest/	12
Ad Watch/	12

Financial

January menu prices up 4.5%	112
Acquisition tempers Piccadilly profits	112
Food Price Outlook	112
NRN Financial Digest	112
Stock Table	113

Features

Letters	F3	Product News	95,98
Flashback	F4	Book Digest	96-97
People on the Move:		Classified	101-111
Restaurants	88	Advertiser Index	112

NRN Directory

For your own subscription
to Nation's Restaurant News,
call toll-free 1 (800) 262-9500.

For other business, call (212) 371-9400 and extension:

Newsroom	285
Display advertising	404
Classified advertising	492
Subscription problems	419

Subscription rate: food-service operators and wholesalers-distributors, one year, \$29.50, two years, \$49.50. Auxiliary (consultants, architects, designers, manufacturers, suppliers, and schools) and all others, \$59.

Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the last Monday in December, by Lebar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to: Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079.

For change of address, please write Subscription Department, Nation's Restaurant News, 305 Madison Ave., Suite 535, New York, N.Y. 10165-0079. Six weeks' notice is requested. Please send old and new address and zip codes. If possible, include mailing label.

NEWS DIGEST

National Pizza calls off plans to acquire Skipper's

PITTSBURG, Kan. — After suffering major setbacks on two fronts, National Pizza, a Pizza Hut franchisee, has accepted defeat in its attempt to acquire the Skipper's quick-service seafood chain.

The pizzeria operator threw in the towel after its \$9.25-per-share cash tender offer failed to draw two-thirds of Skipper's total shares outstanding. Skipper's board had urged stockholders to hold out for a higher price.

National had also been handed a defeat by Pizza Hut, which had threatened to sever its licensing agreement with National if it acquired Skipper's. In that situation, Pizza Hut had warned, National could be expelled from the system. It had sought to negotiate a compromise with Pizza Hut, but the franchisor refused to budge from its position.

A & W inks deal to absorb snack units into chain

DETROIT — A & W Restaurants said it has signed an agreement that calls for the Hot Dogs & More snack-bar chain to convert 200 of its mall locations into a new hybrid concept called A & W Hot Dogs.

The conversion, which is slated to be completed by 1991, would expand the number of restaurants owned or franchised by A & W to 675.

The licensing agreement with Carousel Snack Bars, operator of the Hot Dogs & More chain, grew out of a test situation in which 20 outlets added A & W Root Beer to their menus, according to the parties involved.

Polcari family sells stake in Pizzeria Regina chain

BOSTON — Boston Restaurant Associates, the Polcari family's restaurant company here, has agreed to sell a 50-percent stake in its Pizzeria Regina chain to a publicly held investment company called Zenox. The price was not revealed.

Boston Restaurant Associates said it would continue to operate the chain, which generated an operating income of \$600,000 on sales of \$6.5 million during 1988.

The Polcari clan operates Polcari's and a number of other restaurants here.

Sisters chicken chain files for protection from creditor

NORTH OLMSTEAD, Ohio — Sis Corp., operator of the Sisters Chicken and Biscuits quick-service chain, said it has filed for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code.

Sis Corp. defaulted on outstanding loan payments last September but was granted an extension by its lenders to refinance about \$7.7 million in delinquent payments. The creditors have since indicated that they will seek redress under the terms of the loan agreements.

Sis, a former franchisee of Sisters, bought the chain from Wendy's International Inc. in 1987.

SEC probes insider trading during Pillsbury takeover

MINNEAPOLIS — A former partner in one of Minnesota's largest law firms is under investigation for allegedly using insider information to trade securities of Pillsbury Co. during its takeover by Grand Metropolitan PLC, the law firm has confirmed.

In November, while Pillsbury was attempting to fend off the takeover, it said the Securities and Exchange Commission was probing irregularities in the trading of the company's securities. But the subject of the scrutiny was not disclosed until Dorsey & Whitney, a law firm here, told its employees that the target was a partner who had resigned the day before. The concern itself is not being investigated, Dorsey & Whitney said.

Dorsey & Whitney would not disclose its role in the takeover at Pillsbury.

Le Peep promotes Rhoads in complete changeover

DENVER — A changeover of top management at Le Peep has been completed with the promotion of Mitchel E. Rhoads to chairman of the 64-unit breakfast-and-lunch chain.

Rhoads, who replaces chain co-founder Allen Bernstein, remains president and chief executive. He assumed those posts from Bernstein in mid-January, joining Le Peep from a regional post at Burger King.

Late last year a majority of Le Peep's directors resigned, reflecting the increased influence of principal shareholder Eli Jacobs.

McD to operate units in Toronto Skydome

TORONTO — McDonald's of Canada Inc., a 600-unit subsidiary of the U.S. corporation, said it would assume all quick-service food concessions at the Skydome, a new arena here.

Slated to open in May, the Skydome will host concerts, baseball's Toronto Blue Jays, and the Toronto Argonauts of the Canadian Football League.

Four McDonald's franchises will operate within the Skydome, with each unit offering an abbreviated version of the chain's standard menu.

One of the restaurants will have a 465-seat capacity, making it one of the largest McDonald's in North America.

Brendan Walsh airs plan to open a NY restaurant

NEW YORK — Brendan Walsh, the young American chef who gained a following while he cooked at Arizona 206, the Southwestern restaurant here, has confirmed reports that he plans to open his own place.

The restaurant, as yet unnamed, will be located in SoHo, a region abounding in art galleries. Walsh has indicated that the place will feature American fare.

Since leaving Arizona 206's kitchens several months ago, Walsh has been advising other restaurants and cooking for rock star Bruce Springsteen.

Two Pesos sues 3 insurers to recoup Taco Cabana fine

HOUSTON — Two Pesos Mexican Cafés has filed a lawsuit to force three insurers to pay \$2 million that the restaurant operator has been ordered to pay in damages to archrival Taco Cabana.

Two Pesos said the insurance carriers have declined to cover the amount and all related legal costs. In addition, the operator alleged, the three refused to settle the suit before it went to trial and declined to pay premiums on the bond while the judgment is appealed.

The suit was filed one day after one of the carriers, Aetna Casualty and Surety Co., brought its own action, asking for a declaration that it is not responsible for the damages or the legal bills.

Also named in Two Pesos' suit are United State Fidelity and Guaranty Co. and Federal Insurance Co.

Two Pesos was ordered in December to pay \$2 million in damages to Taco Cabana for stealing trade secrets.

Dodge leaves Stanford to open bakery-cafe

SAN FRANCISCO — Longtime Stanford Court Hotel pastry chef Jim Dodge has resigned and is preparing for the spring opening here of a bakery and cafe named after his book, "American Baker."

Joanne Vasquez has replaced Dodge as pastry chef at Stanford Court, according to Larry Vito, executive chef for the hotel. Vasquez, who studied with Dodge, came to the Stanford Court from Campton Place Hotel about a year ago, Vito said.

Compiled from staff and news reports

FOCUS | OPINION

Nation's Restaurant News

is published by
LEBHAR-FRIEDMAN INC.
425 Park Ave., New York, NY 10022
212 371-9400
Subscription Services, ext. 379 or 419
Cable Address: LEBHAFRIED
Panafax: 212 838-9487

Publisher JAMES C. DOHERTY

Editor CHARLES BERNSTEIN

Executive Editor Rick Telberg
News Editor Rick Van Warner
Senior Desk Editor Joanne Isenberg
Special Projects Editors Joe Edwards,
Peter J. Romeo
Senior Editor Ken Friedman
Associate Editors Bill Carlino, Rajan
Chaudhry
Bureau Editors Richard Martin (West
Coast Chief Los Angeles),
Alan Liddle (San Francisco),
Carolyn Walkup (Midwest/Chicago),
Jack Hayes (Atlanta),
Tracey Taylor Woodward (Houston),
Ken Rankin (Washington)
Copy Editor Michael Schrader
Desk Editors Peter O. Keegan,
A. Rhona Meisky
Contributing Editors Stephanie Curtie,
Florence Fabricant, Mort Hochstein,
Atid Kaplan, Pat Patterson
Editorial Secretary Donnie Kerber
Art Director Milton Berwin
Graphic Artist Alice Fernandes-Brown

Associate Publisher/National
Sales Manager MICHAEL F. CHARLTON

Eastern District Manager John Yatkaukas
Eastern Area Manager Mary Jo Romeo
Advertising Sales Coordinator
Chris Hernandez
Production Manager Francine Rizzo
Research Director Anne Frasciello
Production Director Stan Kaufman
Classified Advertising Manager
Leslie Wolowitz
Controller Barry Okun
Executive Director Circulation Ed Nessel

Group Publisher C. Reese Musgrave

Founder (1900-1981) Arnold D. Friedman

President J. Roger Friedman
VP/Publication Services Barry Braverman
Sr. VP/Group Pub. James deGraffenreid
VP/Planning Harry A. Estes
VP/Publisher Jay Forbes
VP/Finance James Granato
VP/Human Resources Richard D. Groberg
VP/Editorial Director David Q. Mahler
Sr. VP/Group Pub. C. Reese Musgrave

REGIONAL OFFICES

Atlanta 278 Spring Drive, Roswell, GA
30075, 404-998-6966
Boston 1 Gateway Center, Newton, MA
02158, 617-527-6394
Regional Manager James H. Malver
Cleveland Summit One Building, 4700
Rockside Road, Independence, OH
44131, 216-642-3420
Office Manager Martha MacVean
Area Manager John Blatnik
Chicago 444 N. Michigan Ave., Chicago, IL
60611, 312-644-8888
Regional Manager Edward Nessel
District Manager Gary Knuth
Area Manager John McGuire,
Ed Weisbrod
Houston 2851 Wallingford Drive, Suite 108,
Houston, TX 77042, 713-977-7924
Los Angeles 606 N. Larchmont Blvd., Los
Angeles, CA 90004, 213-464-8321
Regional Manager John Donoghue
District Manager David M. Pittman
San Francisco 400 Montgomery St., Suite
1110, San Francisco, CA 94104, 415-
362-2575
Regional Manager Dick Harrigan
Area Manager Steven Conca
Washington 1735 Striley Drive, Ashton,
MD 20861, 301-774-3895
Mgr., Corres. Ken Rankin
Correspondents Joanne Evans,
Nicole Miles
Japan Diamond-Friedman Ltd., Chain Store
Age News, Japan 1-4-2 Kasumigaseki,
Chiyoda-ku, Tokyo, Japan, 504-6750



Publisher of Nation's Restaurant News, Dis-
count Store News, National Home Center
News, Drug Store News, Accounting Today,
Computers/Software News, Chain Store
Age Executive (with Shopping Center Age),
APPAREL merchandising, Affiliates: Busi-
ness Guides Inc., Lebar-Friedman Books,
Inside Retailing (Newsletter), Chain Store
Age News, Japan; Largo Music Inc.

Subscriptions

Call (212) 371-9400, ext. 419
Having a problem with your subscription?
Send us full details, including the mailing la-
bel from the last copy you received, along
with your telephone number. We'll do every-
thing possible to solve the problem at once.
Write to Circulation Fulfillment Director, Na-
tion's Restaurant News, 305 Madison Ave.,
Suite 535, New York, NY 10165-0079.

Permissions

Materials in this publication may not be re-
produced in any form without written permis-
sion. Requests for permission should be di-
rected to Nation's Restaurant News,
publisher, Lebar-Friedman Inc., 425 Park
Ave., New York, NY 10022.

The room-service nightmare

Room service, please. So many of us try to utilize the appar-
ent convenience of room service in hotels and usually have the
highest expectations that this time everything will be fine.

Why do we still call room service after being repeatedly
burned by slow responses and an overpriced setup? Perhaps

partly be-
cause we are
spoiled and
pampered,
always ex-
pecting the
best. Never-
theless, room
service
should be a

Editor's Corner

Charles Bernstein



time-saver, a splendid way to get ready for a meeting while we
order breakfast or lunch.

Yet we are invariably disappointed. The basic point of room
service is that it should be fast and efficient. Typically, we call
in our order, either to a courteous voice on the other end of the
phone that promises rapid delivery or to a harried voice that
implies we'll be lucky to receive our meal at all.

In either case the result is usually the same. Rather than the
15- or 20-minute service expected, it stretches on to 45 minutes
or even an hour. One is kept guessing the answer to this truly
amazing question: How can anyone devise a system that takes
this long to deliver orange juice, toast, and coffee or a sand-
wich and coffee or perhaps something more elaborate?

God forbid that the simple order should be delivered in 10
minutes, as may be the case when an individual is in the shower
and assumes the normal delay.

The name "room service" implies that this is a service the ho-
tel is happy to offer and that it will be carried out with efficien-
cy. Yet even in some of the best hotels this is not likely.

When the meal or snack finally arrives a half-hour later than
was promised, we ask what went wrong this time. Answers in-
variably range from "we're sorry, but we are terribly busy to-
day" to "some people on our shift didn't come to work today, so
we were delayed in our deliveries."

Since a room-service charge of \$1.50 or \$2 is tacked onto the
bill and a 15-percent mandatory service charge is often includ-
ed, the type of shoddy room service that many hotels — inde-
pendents and chains alike — provide is inexcusable.

It is a sad commentary, too, that room service is the one area
where a mandatory service charge has caught on. This may re-
flect a fear that angry customers would not leave tips.

Contrast this pathetic situation with that in Japan, where it
seldom takes more than 10 minutes for breakfast or lunch to be
delivered and where dinner arrives within 25 minutes. Japa-
nese hotels have developed the systems to ensure maximum
speed and efficiency.

Nor does quality improve in the process. There is absolutely
no law decreeing that if one waits an hour for a meal, the quali-
ty will be enhanced.

Actually, it is not so much the system that is at fault in
American hotels as it is a lack of training and a lack of concern
for the customer — the poor guy or gal waiting endlessly in a
room for the food to arrive.

There was a time when the service in some of the hotel res-
taurants varied from atrocious to fair. But in the past few
years hotels have become aware of the potential of food service
in their own restaurants as a way to enhance the entire hotel,
attract more customers from outside, and contribute signifi-
cantly in revenues and profits. Service has improved consider-
ably as a result.

But room service somehow remains a stepchild, taken for
granted and even neglected. When the facility is properly op-
erated, it can be more productive and more profitable than any
restaurant in the hotel.

Room service should not be provided grudgingly as a neces-
sity. Rather, it should be emphasized as a happy experience
for the customer. Instead, we find the department closed at
many hotels in major cities as early as 10 p.m. or 11 p.m. de-
spite the fact that people often don't have other meal or snack
options late at night.

This refusal to operate room service late at night or even all
night for snacks and drinks is inexcusable.

Furthermore, the hallways of hotels on occasion are littered
with the discarded meal trays of people who finally got fed up
waiting for room service to take away the trays. It only proves
that slowness is typical of meal delivery as well as tray removal.

Fortunately, there are exceptions to these generalizations,
and some hotels do realize the critical importance of room ser-
vice to both the bottom line and a hotel's complete image. We
hope more will start viewing the service as a genuine opportu-
nity rather than a necessary nuisance.

LETTERS

Food-service industry: Take care of employees!

Editor, NRN:

I am confused. In the same issue of
NRN, articles appear about the terrible
difficulties we will be in if the minimum
wage goes up. Close to the same article is
an article bemoaning how hard it is for the
industry to attract qualified employees.

Are the two things intertwined? Are
there labor shortages because the pay is
too low? Is the reason the dwindling
number of younger workers?

Or is the industry unable to attract a
great number of employees because of
the past sins of food service?

I speak to high-school students, trying
to educate them about the opportunities in
the industry. They will not apply at a res-
taurant because they are convinced that
the pay is low and the work is a dead end.
They have such a perception because the
industry has allowed them to have it.

What the general public — which is
where our employees come from — sees
is the industry opposing anything that
will benefit the employees.

Several years ago I heard a real-estate
person talking about the local licensee of a
very large chain. I remember his words
well. He said, "So-and-so just uses 'em up
and burns 'em out on purpose. They know
that someone else will come along."

Was that true? It didn't matter be-
cause the perception was that it was
true. Is his opinion typical of the general

public? I think so.

A girl I dated many years ago wouldn't
go out with me a second time when she
found out I owned a restaurant. She mar-
ried a lawyer, but that's a different story.

As you know, the minimum wage
went up in California. Where are the ar-
ticles about the severe depression hit-
ting the California restaurant industry?
Where are the news reports about all of
the restaurants going broke?

Wasn't that the crux of the argument
used against raising the minimum wage?
Was the industry just crying wolf, as the
general public must now believe?

In California before the minimum wage
went up, many of the operators I spoke to
were somewhat amused. When I asked
them what impact it would have, they usu-
ally said it would have little or no effect.

Why? Most of the operators were pay-
ing well over the minimum already. Did
the media cover that? No. The general
public believed the pattern was low pay
and a dead end.

Is the California restaurant industry in
dire straights? Articles about the big
chains suggest otherwise. There have
been record profits and mergers. Most op-
erators I've spoken to say things are fine.

Why? Because they were able to raise p-
rices to compensate for the increased la-
bor. Is the labor percentage higher? Sure.

Are more dollars coming in and filter-
ing to the bottom line? Of course.

Just the other night I went to eat at a
fast-food hamburger place. In the window
at the drive-thru was a sign advertising

for help wanted. The starting pay was \$6
an hour, well above the minimum wage.

Obviously this operator felt that in-
creased pay was the answer to finding
help. Wouldn't most of the operators
agree? Does anyone actually know of a
restaurant that went out of business be-
cause the minimum wage went up? I
would like to hear about it.

Should food service be fighting to ac-
quire an image of being responsible cor-
porate citizens, of being an industry that
has the welfare of its most precious re-
source at the forefront? Probably, but
right now it is apparent to the general
public that "we'll use 'em up and burn
'em out, because there is always some-
one wanting a job."

Some companies do a great job of pro-
viding for their employees. We never
hear about them, though.

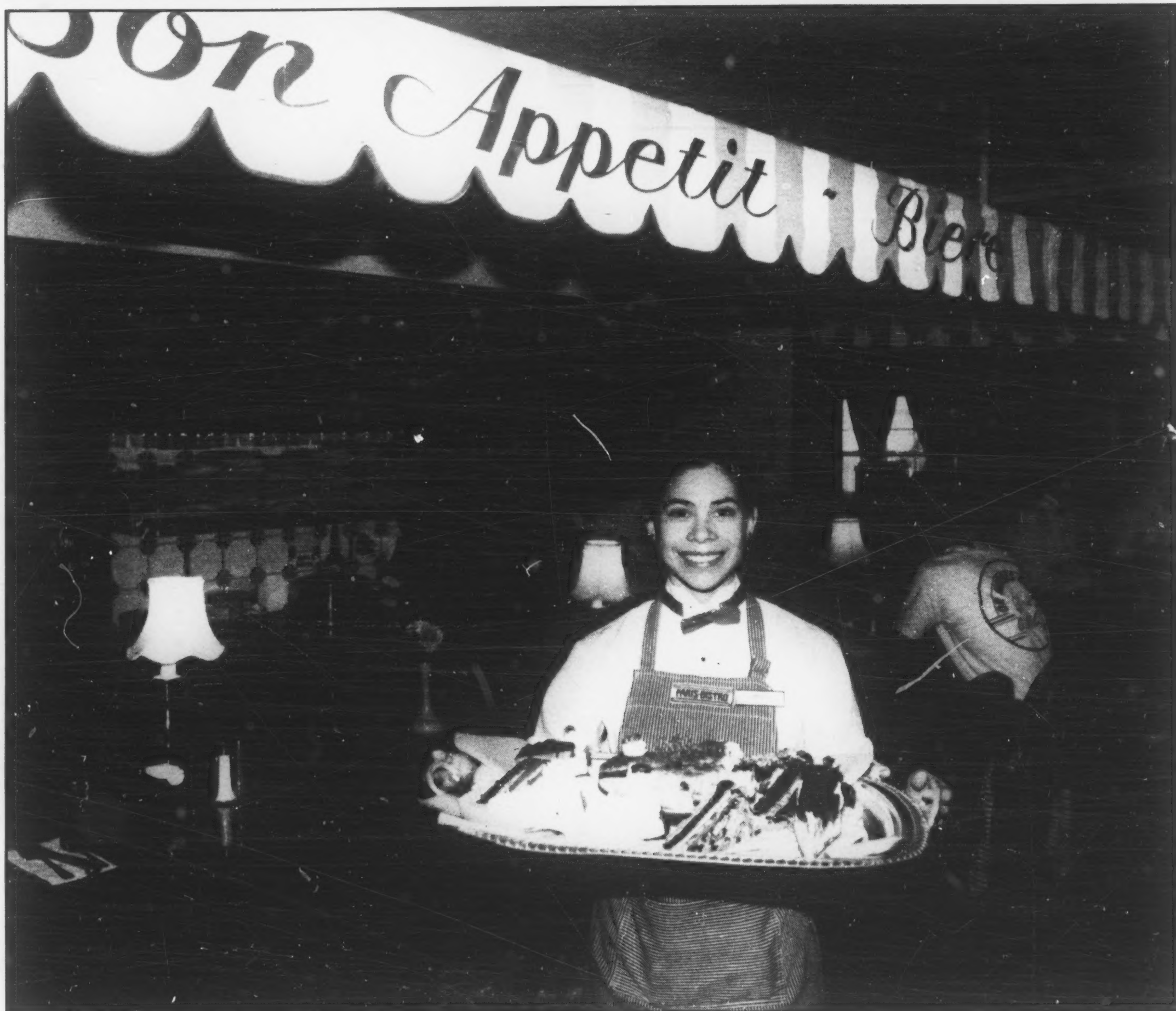
Shouldn't we take a pro-active stance
about promoting the successes of the in-
dustry? Wouldn't that make better
headlines in the local paper than this:
"Restaurant spokesman says, 'One-half
of all restaurants will close if minimum-
wage bill is passed'?"

As more and more industries are cre-
ated and grow in the service sector, the
ones that can provide employees with
good working conditions and decent pay
will have no trouble finding qualified
help. With the black eye we now have,
isn't it time to work on a face-lift?

— Karl Lampe
Creative Contests
San Diego, Calif.

FOCUS REGIONAL CHAINS

Regional multi-unit operators are outfoxing their national competitors in many markets by staying closer to customers and employees — and reacting faster to their changing needs. At the same time, these operators enjoy greater marketing efficiencies and purchasing power than their independent rivals. In close-up profiles, Nation's Restaurant News examines some key regional players from around the country.



NRN Photo

Mimi's attractive array of pastries is merchandised on a silver tray brought to each table.

MIMI'S: A HYBRID WITH MASS APPEAL

Family restaurant or dinner house? Mimi's has been able to cross over between these two segments by keeping standards high, costs low, and customers happy

L By Richard Martin
LOS ANGELES — The French-flavored Mimi's Cafe chain, an 11-unit group operating in Southern California, has carved out a lucrative market niche somewhere between the family-restaurant and dinner-house segments.

As a hybrid, the high-grossing Mimi's Cafes might be called "gourmet" coffee shops or family dinner houses. On the basis of operating style, price points, and general menu orientation, the chain is closely related to the family category.

However, Mimi's has a stronger kinship to the dinner-house segment, in terms of sales volumes, theme

decor, gastronomic flair, and the chain's 34-percent-of-sales food costs.

With a check average of \$5.50 at lunch and \$7 at dinner, the 11-year-old concept is positioned on middle ground between the two segments.

Chain president Tom Simms believes Mimi's Cafe successfully bridges the industry's most basic gap — the dichotomy between convenience-based formats and "destination" restaurants.

"We've been lucky enough to appeal to both markets," says Simms, whose 225-seat restaurants generate average annual sales of nearly \$2.6 million by attracting a widely varied clientele. Customers of the colorful and stylishly decorated Mimi's include "everybody," Simms remarks.

"People in lower income brackets use Mimi's as a dinner house; professional people use us as a business lunch place," he explains. "Upper-income people use us as a place to get a quick bite to eat. We do a lot of family business because of our price structure."

Forty percent of sales at a Mimi's are generated from 7 a.m. to 4 p.m.; 60 percent come between 4 p.m. until closing at 11.

Budget-minded connoisseurs of "bières et vins" even have a reason to "use" the restaurants. Although beer and wine account for only 6 percent of sales and selections are limited, Mimi's offers eight wines by the glass and the bottle. Beer choices include six prestige imports (vs. only five domestic labels).

Olympic Boulevard and Vermont Avenue.

A.J. Simms, who today is chairman of SWH, opened the third Ben Frank's in the late 1950s on Sunset Strip in West Hollywood. That sole-surviving landmark branch of Ben Frank's was joined in the 1970s by two other Simms operations, whose styles presaged the

Chain president Tom Simms believes Mimi's Cafe successfully bridges the industry's most basic gap — the dichotomy between convenience-based formats and 'destination' restaurants.

Mimi's Cafe's Los Angeles-based parent company, the Simms family-controlled SWH Corp., traces its genesis back to the 1940s. After World War II, Tom Simms' father, Arthur J. Simms, and his partner, Bob Ehrman, launched their first Ben Frank's coffee shop, alongside the old Red Line trolley route at Eighth Street and Western Avenue in Los Angeles. Another branch soon followed at

company's upwardly mobile evolution. The trendy French Quarter, a sidewalk cafe in West Hollywood, was opened in 1974 by Arthur and Tom Simms. Two years later they purchased from the late Wally Botello, founder of the Velvet Turtle dinner-house chain, an upscale coffee shop called The Kettle, in suburban Manhattan Beach. Botello and Arthur (See MIMI'S, page F10)

Mimi's Cafe

Los Angeles
Founded: 1978
Number of units: 11
Annual Sales: \$28.5 million
Average per-store sales: \$2.6 million
Per-person average check: \$5.50 lunch, \$7 dinner
Leadership: Tom Simms, president
Ownership: SWH Corp.

FOCUS REGIONAL CHAINS

MIMI'S APPEALS TO MANY

(Continued from page F8)

Simms were partners for 10 years in another upscale coffee-shop operation, the Wooden Shoe chain, which operated in suburban Los Angeles.

This year Ben Frank's, French Quarter, and The Kettle will add an estimated \$8 million in sales to the projected \$28.5 million SWH will gross from the Mimi's Cafe chain.

"The coffee shop days ended," explains Tom Simms, "back in the 1970s because of [rising] land values. In order for the restaurants to work, we had to do more volume to pay higher rents and to [finance] more deals."

Out of that need came the Mimi's Cafe concept, which featured decor and food that were upgraded "always with our minds on value," Simms says.

The first Mimi's opened in 1978. Starting in 1981, three more followed, at the rate of one per year. In 1984 the chain began developing one new restaurant every eight months on average, a rate that has continued ever since. The typical 6,400-square-foot Mimi's currently costs about \$640,000 to build and \$450,000 to equip.

For now, at least, SWH Corp. will continue to reject buyout offers from larger food-service concerns, while it looks to open new outlets in Southern California beach towns. Mimi's will remain "in the family and expand according to the capabilities of our management and supervision staff," Simms remarks.

Despite Mimi's success in suburban Orange County and Los Angeles County communities, few direct competitors have attempted to clone the chain's upscale formula. "One reason people don't get into this slot is that it's not easy," Simms says. "We took a big gamble when we started. In our restaurants it all comes down to value."

While the chain mass-produces soups, sauces, and salad dressings at a small commissary, the individual restaurants roast their own fresh turkey, beef, and chicken. They also bake their own muffins, rolls, and some pastries.

In addition to stylish food presentations and the restaurants'

French provincial ambience, high perceived value comes from pricing that keeps food costs, as a percentage of sales, at least five points higher than, say, Denny's.

Still, "our margins, volumes, and growth have been good during some pretty tough times for restaurants," Simms says. "We're happy," he adds, placing profits at about 15 percent of sales. That figure has been subject to recent fluctuation, however, because of a leap in labor-cost percentage, from 24 percent to 27.5 percent, following the increase in California's minimum wage from \$3.35 to \$4.25.

Simms says the restaurants' general managers, including the eight to whom equity partnerships have so far been granted, are vitally important in assuring the continued loyalty of patrons. "Training, knowledgeable employees, and great service are what it's all about," he says.

Mimi's Cafe, confident in its strengths as a

regional operator, seems unperturbed by looming competition from large companies that are upgrading their midscale concepts, such as the new Allie's chain devised by Marriott Corp.

"We've done battle with outfits like Marie Callender's and Fuddrucker's, and we've seen others come and go," Simms says. "Those big chains get so unwieldy that they can't train properly. A regional operation can react quickly; a national chain is trying to make national changes, and those don't work all over."

Mimi's Cafe

Menu Sampler

Oeufs et Pain Perdu (eggs, bacon, or sausage, with cream-cheese stuffed with French toast and orange marmalade)	\$5.25
Mushrooms and Jacque omelette (with jack cheese, Lyonnaise potatoes)	\$4.50
French market onion soup	\$3.25
Le hamburger	\$4.50
Le club sandwich	\$5.50
Turkey salad Royale	\$4.95
P.P.'s Cajun chicken wings	\$3.75
Poulet Dijon (boneless chicken breast cooked in whipping cream with cheese, mustard, scallion)	\$7.50
Pot roast ("served every day after noon till it's gone")	\$7.50
Filet of sole meunière	\$6.25
Roast pork with red cabbage	\$7.50
Mahi mahi à la coconut	\$6.25
Manicotti Baldini	\$6.50
Scampi primavera	\$9.95
Soup and salad l'amour (crock of onion soup, half a chef's salad)	\$5.25



NRN Photos

Floral displays, French slogans, and chandeliers brighten the theme decor of Mimi's Cafe.



The exterior design of Mimi's Cafe resembles that of a French farmhouse.

Confident in its strengths as a regional operator, Mimi's Cafe seems unperturbed by looming competition from large companies that are upgrading their midscale concepts, such as the new Allie's chain devised by Marriott Corp.

FOCUS REGIONAL CHAINS

CHICKEN RULES ROOST AT BROWN'S

The 135-unit chain's philosophy is to do one thing and do it well — concentration remains on product, discounting, community involvement, and training

By Carolyn Walkup

LOMBARD, Ill. — At a time when many fast-food chains have blurred their identities by expanding their menus, Brown's Chicken is sticking to what it knows best.

"We just want to specialize in chicken and be sure we put out the best product that we can," says Frank Portillo, president of the 40-year-old, 135-unit regional chain.

Brown's does not serve breakfast, burgers, fish, pizza, or salads. "We tried broiled chicken for a while, but it didn't sell very well," Portillo explains.

Almost all of Brown's business occurs during dinner hours. To try to attract more lunch business, the chain soon will test two types of a fried chicken breast sandwich. Another variation on the primary product is cold chicken, which is sold at a reduced price when the product is available.

The cold chicken usually sells out daily, Portillo notes.

"We are a sandwich-oriented society," Portillo comments, explaining Brown's dearth of lunch customers. "We can't compete with 99-cent burgers and stay in business."

The discounting and couponing now commonplace in the fast-food industry was a Brown's marketing tool from the start. It wasn't until this decade that the fast feeder began to feel the competition from the burger chains that used the very device that long ago boosted Brown's success.

"When the burger chains started couponing, that's when I knew for sure we would be competing with everyone," Portillo says. "The only way we will grow will be at the expense of somebody else closing."

Market saturation was not a problem when Portillo, his wife, Joan, and founder John Brown and his family opened their first restaurants in the 1950s as Brown's Drive-In. Their initial problem was getting people to try their product.

"We were selling about 12 chickens a day," Portillo recalls. So he and his wife distributed several hundred hand-written index card-coupons for free meals at Brown's.

"We were mobbed," he explains. "Then we ran a 'buy one, get one free' coupon in the newspaper. It worked."

Today Brown's stores average about \$600,000 in sales. "We are in very good shape," Portillo claims, reviewing a difficult retrenchment period that began in 1984.



NRN Photos

Brown's president Frank Portillo chats with unit manager Debbie Serritos at counter.

Although Brown's had more than 160 stores then, with the majority franchised, many franchised units that had absentee owner-investors were not doing well. "So we bet the corporate jewels and bought out all our absentee owners," Portillo notes. "We said we would put new managers in and operate them as company stores or sell them to owner-operators."

"Buying those stores hurt us a little because of all the cash invested. Now that is behind us."

About half of today's stores are franchised. The corporate officers treat the field supervisors responsible for company-owned stores like owner-operators, Portillo says.

Most of the restaurants the company closed were in fringe areas, including the West Coast, Florida, and Detroit. Today Brown's markets are Chicago, the Kansas City metropolitan area, and the eastern coastline of Florida.

"We have to have a minimum number of stores in a market to do advertising," Portillo notes. "We can't compete with the large companies in TV advertising, so we have to get

involved in the communities and sincerely involved. Then we will get our share of the markets."

While considering modest expansion of five to 10 stores a year, Brown's is concentrating on strengthening existing units. "We will look for about a 5-percent sales increase this year," Portillo says, bemoaning the 10-to-15-percent growth common in earlier, less competitive days.

"We can't take our business for granted," he adds. "We have to watch it on a daily basis. The consumer won't put up with people who don't care."

Brown's is increasingly emphasizing more employee training aimed at keeping the employees and the customers happy and at reducing employee turnover. "I would rather have someone steal my car than steal my crew," Portillo is fond of saying.

The company also is updating its older units to coordinate with the bright, light

Brown's Chicken

Lombard, Ill.
Founded: 1950
Number of units: 135
Annual Sales: \$81 million
Average per-store sales: \$600,000
Per-person average check: unknown
Leadership: Frank Portillo, president
Ownership: Brown & Portillo, Inc.

colors and atmosphere of its new ones. "Dark is out," Portillo observes. "You have to put money back into the business, or you will have big problems."

Portillo also notes that small companies such as his have an advantage over the large ones because they are closer to their employees and their customers and can more quickly meet their needs. "If the large companies don't catch on, we will always get our market share," he predicts.

Brown's Chicken

Menu Sampler

Feast No. 4: 4 pieces chicken, french fries, coleslaw, and biscuit	\$4.99
Feast No. 16: 16 pieces chicken, french fries, coleslaw, and 6 biscuits	\$19.69
Chicken sandwich	\$2.59
Chicken salad	\$2.69
Wing dinner	\$2.59
Mrs. Brown's cookies	49 cents each



Exterior of a newer Brown's unit in Mount Prospect, Ill.

FOCUS REGIONAL CHAINS

CHEVYS



NRM Photos

Husband and wife Scooter and Nancy Simmons in the bar of Chevys Mexican Restaurants' San Francisco unit.

Fresh food, authentic atmosphere, and the drive to succeed all have made the Simmons' Mexican chain a 'hot ticket' out West

S By Alan Liddle
AN FRANCISCO — "This is no 'smashed beans and rice' place," the menu at Chevys Mexican Restaurants proclaims, and with an array of fresh foods ranging from broiled quail to sizzling shrimp, the chain's boast does not seem idle.

Founded in Alameda, Calif., in 1986 by Warren "Scooter" Simmons Jr. and

his wife, Nancy, Chevys now fields 10 units. The average annual sales per restaurant, for the four units open at least a year, is \$2.7 million, company officials say.

Scooter Simmons is not apologetic when he reports that Chevys' food costs run about 37 percent of sales. Explaining why his food costs are more akin to those found at a steak house than at a traditional south-of-the-

border concept, he says, "Our objective was to serve the finest-quality Mexican cuisine available. There is not a can in the place."

Everything served at Chevys restaurants, from the masa in the tamales to the guacamole that accompanies many of the menu items, is made from scratch.

Visitors to a Chevys kitchen see workers peeling avocados, dicing tomatoes and onions, trimming skirt steak, and boning chickens. The chain's fetish for freshness is even apparent in the dining room, where an automated tortilla maker, known affectionately to employees as "El Machino," continuously turns out product.

Decorwise, Chevys restaurants are more like cantinas, or roadside bars, than haciendas, the ranch-style homes that inspired the design of many Mexican chains, Simmons says. Poured concrete floors and sand-colored walls, sprinkled liberally with the likes of neon cactus and oversized reproductions of Mexican beer labels and billboards, define the interior, while stacked cases of beer serve as room dividers and bases for bar tables.

While exhibition kitchens are the rage in many segments of the industry, Chevys won't follow the trend.

Simmons says he moved some food preparation stations into the dining room at three of the restaurants but found that there was little in the way of customer response or sales gains to justify the increased construction cost, increased staffing requirements, and loss of dining seats.

"El Machino seems to be catching all the attention in the dining room anyway," Simmons says.

Opening costs for Chevys

Chevys Mexican Restaurants

San Francisco
Founded: 1986
Number of units: 10
Annual Sales: \$35 million (projected)
Average per-store sales: \$2.7 million
Per-person average check: \$8 lunch, \$10 dinner
Leadership: Warren Simmons Jr., president; Fred Parkin, vp operations
Ownership: Warren & Nancy Simmons and other family members



A plate of Chevys' specialties includes grilled prawns and quail; beef and chicken fajitas with flour tortillas, rice and beans; and pico de gallo (salsa), and guacamole.

restaurants have so far ranged from \$250,000 to \$1 million, Simmons says.

The highest development tab, he says, resulted from the opening of the San Francisco unit: a 9,000-square foot, 320-seat, glass-walled monster across from the Moscone Center convention hall. The restaurant had sales of \$2.9 million in its first 10 months of operation and is expected to do about \$4 million annually once a large hotel, which is under construction nearby, opens.

Before touring Mexico and Texas and working with a food consultant to come up with the Chevys concept, the Simmons had successfully turned around two seafood restaurants. Scooter Simmons' interest in things Mexican was piqued at an early age by his father's involvement in the Tia Maria Mexican restaurant chain.

Warren Simmons Sr., a well-known San Francisco Bay Area developer, co-founded Tia Maria, which, through a series of transactions, was long ago assimilated into the Casa Maria chain. The senior Simmons plays a major role in Chevys by finding and securing

(See CHEVYS, page F18)

FOCUS REGIONAL CHAINS

CHEVYS KEEPS IT FRESH

(Continued from page F16)
sites, Scooter Simmons says.

Scooter Simmons notes that the family, despite its restaurant experience, knew it needed outside help if it was to expand Chevys as quickly as it wanted.

Enter Fred Parkin, an old family acquaintance and a veteran of chain restaurants.

Parkin, Chevys vice president of operations since 1987, held key executive positions with two of the industry's best-known early innovators: Victoria Station, the pioneer prime rib railroad theme restaurant chain, and Upstart Crow, a chain that combined bookstores and cafes.

Though Victoria Station and Upstart Crow have had their problems in old age and now are both just shadows of their former selves, the Simmons family eagerly sought out Parkin's help because of his experience in developing operating systems.

Parkin favors a decentralized management system that excludes regional or area managers in favor of more managers — six in all — at the restaurant level. His biggest challenge right now, he says, "is building a corporate culture" and ensuring that there is a good line of communications between headquarters and the field.

The decentralized approach not only keeps things simple, Parkin says, but also keeps managers interested and productive. Because each restaurant is basically a separate business unit, the management teams are involved in all aspects of the operation, from in-store marketing to purchasing, and, says Parkin, "Responsibility is the greatest motivator."

Scooter Simmons, who believes Chevys can grow to 30 units before suffering from cannibalization in its primary region, is happy with his lot as a regional player.

As such, he explains, Chevys is small enough to stay close to its customers and staff and can more quickly fill in markets to take advantage of name recognition and media buys, but it is large enough to

use its total purchasing power to win lower prices from suppliers.

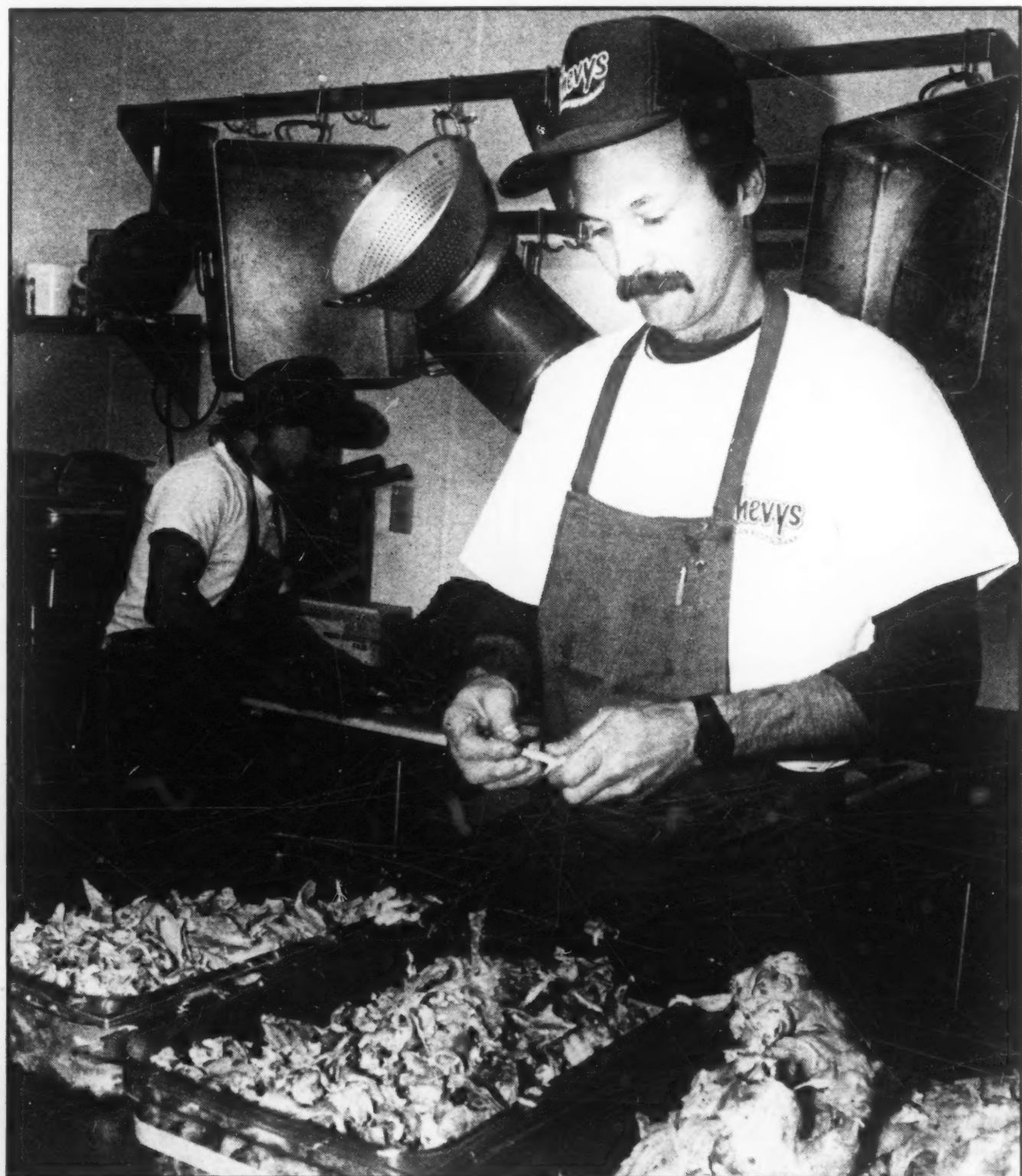
According to Simmons, Chevys Mexican Restaurants is a marketing-driven company, and it divides its marketing budget as follows: radio, 40 percent; cab-top signs, 40 percent; billboards, 20 percent.

The chain's marketing budget, which now represents about 1 percent of sales, is expected to double in the coming months, company officials indicate.

Scooter Simmons believes Chevys can grow to 30 units before suffering from cannibalization in its primary region.



Scooter Simmons Jr. stands before neon beer sign that adds authenticity.



Chevys Mexican Restaurants staffers work to bone the chicken and fillet the beef for the fajitas in the San Francisco operation.

Chevy's Menu Sampler

Nachos with cheese and jalapeño peppers	\$3.25/\$4.95
Spicy pork tamales in husks with chili sauce(3) \$4.25/(6) \$6.75	
Ceviche salad	\$6.75
Broiled quail (2) \$9.95/(3) \$12.95	
Beef or chicken fajitas and sizzling jumbo shrimp	\$12.95
Chicken enchilada, cheese-chili relleno, and tamale	\$8.25
Empanadas (fried flour tortillas filled with apples and raisins)	\$2.50



Chevys Mexican Restaurants' officers alongside some of the chain's signature paraphernalia, including 'El Machino,' an automated tortilla maker, and a beer-case divider. From front to back: Nancy Simmons, co-founder; Fred Parkin, executive vice president; Larry Nally, chief financial officer; and Scooter Simmons, president and co-founder.

FOCUS | REGIONAL CHAINS



NRN Photos

Left: Bambolino's starts a tradition by selling pizza-by-the-slice at walk-up windows. Right: A Bambolino's unit, complete with walk-up window and drive-thru.

BAMBOLINO'S TAKES TEXAS BY SLICE

In Houston — the 'City of the Car' — this start-up venture has been pulling in customers with its innovational, non-traditional pizza-by-the-slice drive-thru

By Tracey Taylor Woodard
HOUSTON — Bambolino's, a fledgling pizza-by-the-slice drive-thru chain, is the growing child of a failed marriage between Ninfa's Inc. and McFaddin Ventures.

In the fall of 1985, Ninfa Laurenzo, riding the crest of record sales in her Ninfa's Mexican dinner houses, sold the restaurants' licensing rights to Lance McFaddin and McFaddin Ventures.

McFaddin then created Ninfa's USA, a division designed to open restaurants across the country, and staffed it with Laurenzo's son Roland; Drue Pollan Jr., former Ninfa's vice president of operations; and the entire senior staff of the Mexican chain.

But when Ninfa's Inc. and McFaddin parted ways in the summer of 1986, Ninfa's was managing without the resources it had lent to McFaddin and had no room to take the senior staff back.

So rather than lose a group of loyal and hardworking executives, the group put their heads together, and Bambolino's, a pizza-by-the-slice drive-thru, was born.

"We were right in the middle of a recession in Houston," Bambolino's president Pollan said. "We needed to design something to hedge our bets against high real-estate costs, high equipment costs, high rent, and high construction costs."

Pollan's solution was a 425-square-foot portable building with a start-up cost less than \$120,000.

The group raised \$400,000 through a private placement offering and opened the first store in April 1987. Ninfa's

Inc. is the majority stockholder with 20 percent, and both Ninfa and Roland Laurenzo, now the president of Ninfa's Inc., serve on the board of directors.

Pollan said raising money for the start-up chain was difficult because there was nothing with which to compare it.

"People thought you couldn't do a pizza-by-the-slice drive-thru," the second-generation Houstonian said. "They thought you either couldn't do it well, or you couldn't do it fast," Pollan added.

Based in the house where Ninfa Laurenzo raised her family, next to the original Ninfa's restaurant, Bambolino's now operates eight company restaurants and has franchised five others. The company began selling franchises in January

1988 and has sold 16 so far.

The stores offer a limited menu of pizza, lasagna, spaghetti, and salads. A "Double-Big" slice of pizza, which, according to a statement on the box, is equal to two slices of an 18-inch variety, sells for \$1.55 to \$1.85. The average transaction, Pollan said, is \$3.25. Pizza accounts for more than 80 percent of sales.

The kiosks, which are designed in natural woods and resemble turn-of-the-century Italian fruit stands, have four to nine picnic tables in front.

But 85 percent of the business is drive-thru, Pollan said.

"We consider [drive-thru pizza-by-the-slice] an innovation for the City of the Car," he said, referring not only to Houstonians' well-known love affair with their automobiles but also to the

Bambolino's — The Original Italian Drive-thru

Houston
 Founded: 1987
 Number of units: 13
 Annual sales: \$4 million
 Average per-store sales: \$285,000-\$300,000
 Per-person average check: \$3.25
 Leadership: Drue Pollan Jr., president
 Ownership: Ninfa's Inc. (20 percent)

fact that pizza is not traditionally sold by the slice in Texas.

Pollan said they are locating the units "near things people go in and out of regularly," such as drugstores, dry cleaners, other fast-food units, grocery stores, and post offices.

Pollan particularly likes to be near high schools, where hungry students boost his slow 3 p.m.-to-5 p.m. segment.

"We're currently doing about 300 to 400 transactions a day," he explains, pointing out that his worst store has annual sales of \$240,000, while his best is topping the \$400,000 mark. Pollan notes that the stores have a \$200,000 break-even point.

"The biggest problem we face is lack of customer awareness," he says. To change that situation, Bambolino's plans to start television advertising in later this month and early April.

As for competition, Pollan says it is everybody and nobody.

"Everybody who has a \$2 ticket is potential competition," he says. "But I don't see the major pizza chains coming after us because they're all chasing Domino's."

Bambolino's Menu Sampler

Double-Big Cheese	\$1.55
Pepperoni	\$1.85
Sausage	\$1.85
Hamburger	\$1.85
add sautéed mushrooms	30 cents
add jalapeños or black olives	20 cents
Dinner Salad	\$1.15
Garlic Bread	55 cents
Spaghetti with Meat Sauce	\$2.25
Lasagna	\$2.95
Italian Chef Salad	\$1.95
Double big slice of pizza and dinner salad	\$2.65
Italian icy lemonade	75 cents, 85 cents, 95 cents

FOCUS REGIONAL CHAINS

'We've been in small rural New York towns for 20 years,' said Jreck's spokesman, Peter Whitmore. 'Along with the Ma and Pa sandwich shops, we're the only game in town.'



A Jreck's unit, which is located in upstate New York.

Jreck Subs

Watertown, N.Y.
Founded: 1969
Number of units: 46
Annual Sales: \$16.6 million
Average per-store sales: \$360,000
Per-person check average: \$4
Leadership: H. Thomas Swartz, ceo and president
Ownership: privately-held

NO PLACE LIKE HOME FOR JRECK

While a number of regional sandwich chains are gauging to battle national star Subway, Jreck Subs is content to capitalize on its success in upstate New York

By Ken Frydman

WATERTOWN, N.Y. — As 2,400-unit Subway tightens its hold as a truly national sandwich chain, regional

sandwich maker Jreck Subs prefers to remain a big fish in a small pond.

The 46-unit submarine sandwich chain has blanketed upstate New York — as far west as Rochester, east as Utica, north as Plattsburgh, and south as Oneonta. But that's as far as it will go.

"We've been in small rural New York towns for 20 years," says Jreck's spokesman, Peter Whitmore. "Along with the ma-and-pa sandwich shops, we're the only game in town."

Real-estate prices are the primary reason for Jreck's reluctance to move beyond the Empire State. Including a \$30,000 equipment package, a prototypical 1,800-square-foot, 40-seat, freestanding Jreck's store in rural Adams, N.Y., costs only \$50,000 to start up, and one or two employees can operate it.

By comparison, a prototype Subway mall or in-line store — which has 24 seats and 1,100 square feet — requires \$65,000 in start-up costs, according to Fred DeLuca, who is Subway's president. Subway stores currently operate in all 50 states, Canada, Australia, the Persian Gulf, and the Bahamas.

Selling a mix of 14-inch, made-to-order cold deli meat submarine sandwiches and hot items like steak and chicken subs, spare ribs, and

soups, a Jreck store averages \$4-per-person lunch and dinner checks.

Annual gross sales per store run "from the low-side of \$200,000 to the high end of \$600,000," or a \$360,000 average per store, Whitmore notes.

Those revenues, while good for a small market like upstate New York, preclude Jreck's from expanding its fast-food sub shop operation through acquisition in major markets, Whitmore adds.

"We don't like to think of our position as being stuck in upstate New York but rather completely capitalizing on a region," he explains.

However, other established regional chains are looking to close the nationwide gap with Subway in the \$4.5 billion sandwich segment. Blimpie's, with 375 units, is trying combination sandwich-and-drink meal deals as it expands, while 236-unit Schlotzsky's is opening more company stores and revamping its "hole-in-the-wall" image, according to Schlotzsky's president, John Wooley.

But the one thing all sandwich chains have in common is sandwiches. Jreck's bread and butter is the \$1.99 to \$4.29 subs, made with a variety of meats, cheeses, lettuce, tomato, and onion. The chain uses its signature sandwiches as a merchandising tool as well, constructing the custom-made product in front of the customers.

"That way they see what they're getting, and we can show off our sandwiches as fresh," Whitmore says.

Jreck first showed off its sandwiches in 1969 from the back of a school bus

that sat on the Camp Drum military base in upstate New York. At that time the single-site concept was run by five partners — Jerry Haley, Robert Martin, Ellis Martin, Charles Lehman, and Keith Waltz — whose first names' first letters gave Jreck its name. In 1984 four of the five sold out, leaving Haley as the only Jreck originator still with the company in a day-to-day capacity.

When the Martins, Lehman, and Waltz left five years ago, the new Jreck management team — led by new chief executive officer H. Thomas

Swartz and general manager Mark Rice — began expanding the product line and improving the units' decor, according to Whitmore.

"They've added the hot products to give our sandwich menu line more diversity and brightened up the shops with cedar siding and bright green awnings," Whitmore notes.

In 1974 Jreck started franchising; today all 46 units are franchised, including 30 by Western Fast Foods Inc. "We plan to add 15 new franchised stores this year and 25 next year," Whitmore says.

Jreck Subs Menu Sampler

Whole subs	
Seafood salad	\$3.25
Ham and Cheese	\$2.89
Roast Beef	\$2.99
Chicken Salad	\$3.09
Tuna	\$2.79
Cooked Salami	\$2.59
Hot subs	
Supersteak	\$4.50
Meatballs	\$2.89
Side orders	
Small Julienne Salad	\$2.25
Large Julienne Salad	\$3.50
French Fries	75 cents
Soups	99 cents
Clam Strips	\$1.40

FOCUS | REGIONAL CHAINS

JILLY'S CHEWS ON NEW STEAK IDEAS

With competition heating up behind this Atlanta barbecued rib operation, the chain fights back by arming its menu with traditional steak-house favorites

R By Jack Hayes
OSWELL, Ga. — In the four years since this sleepy north Atlanta suburb boomed into a 50-restaurant city, competition has been gnawing ambitiously at what continues to be Jilly's leading menu item — barbecued baby back ribs.

But Jilly's, The Place for Ribs — one of two franchised links in a casual chain concept that totals four Atlanta units — is fighting back by adding casual steak-house menu favorites like prime rib and rib eye.

"Everybody's getting into the rib business," says Harry McMahan, general manager of the two franchised Jilly's operations, including a unit in suburban Stone Mountain, which is east of downtown Atlanta.

"You've got Houston's [one of Atlanta's hottest casual operations], Applebee's, and Bennigan's all doing it," laments McMahan, who watched two local rib competitors — Damon's and Tony Roma's — buckle under from the recent onslaught.

An eight-year veteran with Jilly's, which averages an estimated \$1 million a unit, McMahan nevertheless claims the signature barbecued ribs, chickens, and onions by-the-loaf account for 80 percent of his restaurant's sales — despite a 30-item assortment of salads, specialties, sandwiches, and burgers.

The Jilly's Burger — a half-pound charbroiled ground sirloin sandwich with lettuce, tomato, onion, pickle, fries, and cole-slaw at \$4.25 — is the restaurant's big seven-day lunch item, where the average noon ticket is \$5.50.

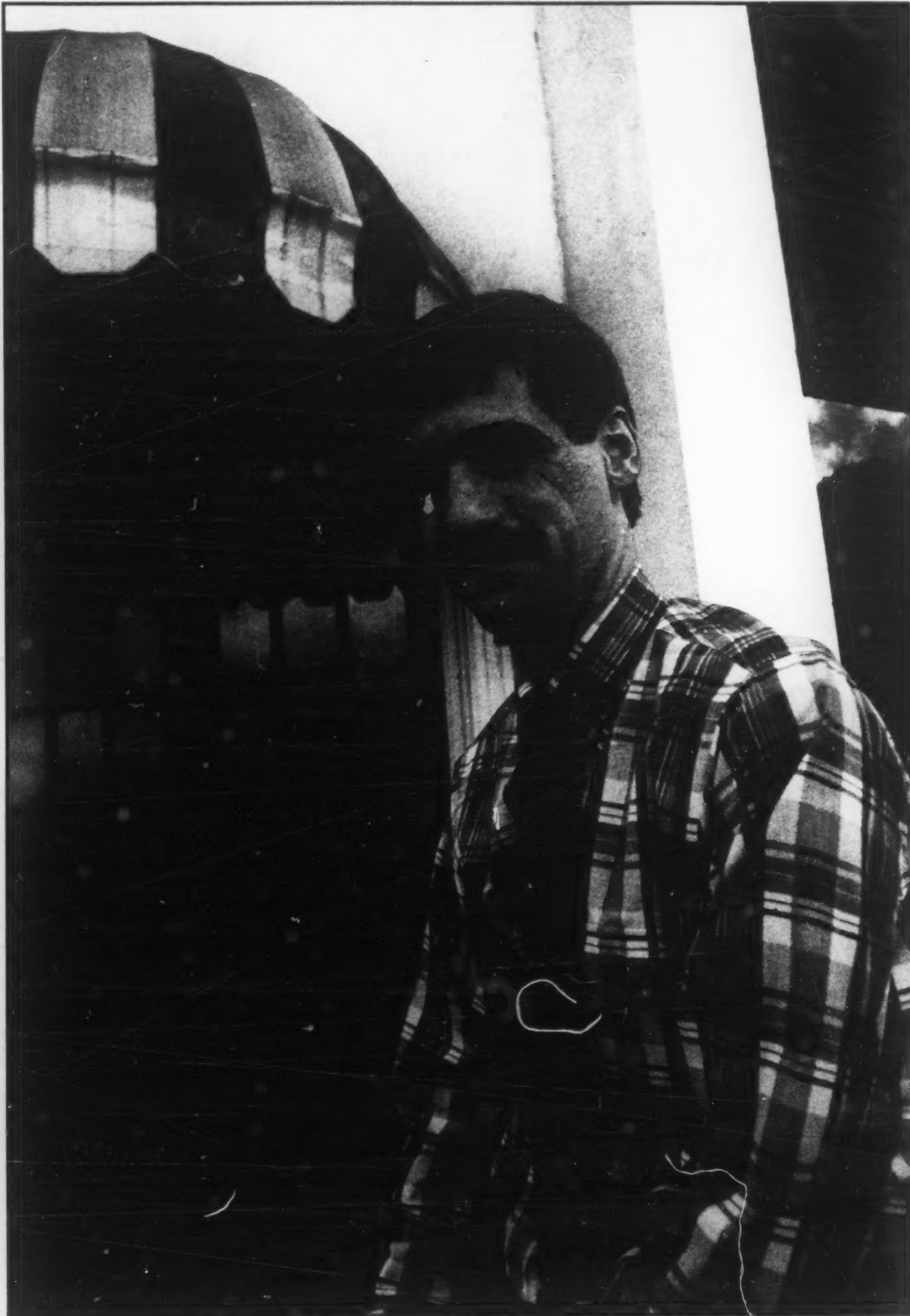
Thus, the competition continues to lick its lips.

Long Horn Steaks, an eight-unit Texas-style chain that opened its Roswell operation about a year ago, is selling a plate full of imported Canadian baby back ribs at \$11.95.

Cherokee Cattle Co., a two-unit Texas steak concept with restaurants in Marietta and Roswell, is promoting mesquite-grilled pork ribs at \$10.95 with saddle beans and other side trimmings.

Meanwhile, a franchise unit of the Florida-based Sonny's Real Pit Bar-B-Q chain — the fifth Atlanta Sonny's restaurant to date — opened in Roswell recently within weeks of a local concept start-up called Country's Barbecue.

"You have to constantly work on the quality and service," says McMahan,



NRN Photo

Harry McMahan, general manager of the two franchised Jilly's operations — one in Roswell, Ga., and another in suburban Stone Mountain.

who fears a hike in minimum wage will force him to cancel out one or two wait staff positions and require more productivity from those who remain.

The Jilly's concept, with beverage at 15 percent of sales, is considered family-oriented as opposed to family-style.

The open-seated dining room has the flexibility for handling walk-in parties of eight and larger, which are common,

McMahan says.

"We like the large groups," the manager whose dinner check average is \$13 explains, beaming.

A popular children's menu features items like Chicken Little, a barbecued small piece with fries and cole slaw, for \$2.75 and Four Little Pigs, a junior-sized baby back rib plate with fries and slaw, for \$3.95.

Location works to Jilly's advantage

Jilly's, The Place for Ribs

Roswell, Ga.

Founded: 1979

Number of units: 4

Annual sales: \$4 million

Average per-store sales: \$1 million

Per-person average check: \$5.50 lunch, \$13 dinner

here in its competitive lease at an upscale strip location. Roswell, the smallest unit, operates with 4,300 square feet.

Outspoken on restaurant issues, McMahan is a vehement critic of service charges in casual dining.

"The American customer isn't ready for it," he says. "In tablecloth operations the service charge may be possible but not in casual restaurants."

'Everybody's getting into the rib business. You've got Houston's, Applebee's, and Bennigan's all doing it,' laments McMahan, who watched two local rib competitors — Damon's and Tony Roma's — buckle under from the recent onslaught.

Jilly's

Menu Sampler

Jilly's Chili, with Texas-style onions, cheese, and peppers	\$2.25
Barbecued Baby Back Ribs. They made us famous. Dinner portion	\$9.95
Rib 'n Ring Sampler. Light portion of ribs and onion rings	\$5.95
Onion Rings By-The-Loaf. Fried crisp and golden brown	\$4.25
Chattahoochee Chicken. Charbroiled with sauce and toppings	\$5.75
Blue Bacon Burger. With blue cheese ladled over bacon	\$4.55
Carrot Cake	\$1.75